

A Resolution

NO. 3199-05-2005

APPROVING THE FORMATION OF THE CENTRAL CITY LOCAL GOVERNMENT CORPORATION

WHEREAS, an application in writing seeking the incorporation of a local government corporation under the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code (the "Act") has been filed with the City Council of the City of Fort Worth, Texas (the "City") by three (3) individuals, each of whom is a resident of the City, the State of Texas and is at least eighteen (18) or more years of age; and

WHEREAS, as stated in the application, the proposed purpose of the local government corporation is to assist the City and the board of directors of various tax increment reinvestment zones (each a "TIF") located in the Central City in implementing the project plans of those TIFs and promoting, developing, encouraging and maintaining employment commerce, economic development and public facility development in the Central City; and

WHEREAS, during its meeting on February 10, 2005, the Board of Directors of Tax Increment Reinvestment Zone Number Four, City of Fort Worth, Texas (the "Southside TIF") unanimously voted to recommend that the City Council create a local government corporation for the purpose of, without limitation, issuing a note to finance the construction of a parking garage that would support the Magnolia Green development, a proposed mixed-use development at the intersection of Magnolia Avenue and Hemphill Street, which is included as part of the Southside TIF's project plan; and

WHEREAS, the City Council hereby finds it necessary and advisable to create a local government corporation for the purposes set forth above;

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF FORT WORTH, TEXAS:

1. That the formation of a local government corporation pursuant to the Act is hereby found and determined to be necessary and advisable for the purposes set forth in the Articles of Incorporation attached hereto as Exhibit "A", which is a part of this Resolution for all purposes; and
2. That approval for the incorporation of such local government corporation, to be known as the "Central City Local Government Corporation," is hereby granted.



CITY OF FORT WORTH

3. That the forms of the proposed Articles of Incorporation attached hereto as Exhibit "A" and the proposed Bylaws attached hereto as Exhibit "B", which is a part of this Resolution for all purposes, are hereby approved and that the appointment of initial Board of Directors of the Central City Local Government Corporation, as set forth in Article IX of the Articles of Incorporation, is hereby affirmed.

4. That it is hereby officially found and determined that this Resolution was adopted in a meeting open to the public, and that notice of the time, place and purpose of such meeting was given in accordance with applicable law.

5. That all previous Resolutions are hereby expressly repealed to the extent in conflict with the provisions of this Resolution.

6. That this Resolution shall take effect immediately from and after its adoption.

AND IT IS SO RESOLVED.

Adopted this 3rd day of May, 2005.

ATTEST:

By: Marty Hendrix
Marty Hendrix
City Secretary

APPROVED
CITY COUNCIL

MAY 03 2005

Marty Hendrix
City Secretary of the
City of Fort Worth, Texas



CITY OF FORT WORTH

EXHIBIT "A"

**ARTICLES OF INCORPORATION
OF
CENTRAL CITY LOCAL GOVERNMENT CORPORATION**

We, the undersigned natural persons, each of whom is at least eighteen (18) years of age or more, and a resident and a qualified voter of the City of Fort Worth, Texas (the "City") and a citizen of the State of Texas, acting as incorporators of a corporation under the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code (the "Act"), and Chapter 394, Texas Local Government Code (the "Local Government Code"), do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE I

The name of the corporation is CENTRAL CITY LOCAL GOVERNMENT CORPORATION (the "Corporation").

ARTICLE II

The Corporation is a public non-profit corporation.

ARTICLE III

The period of duration of the Corporation shall be perpetual.

ARTICLE IV

As authorized by the Act, as it now ~~is~~ may hereafter be amended, and Chapter 394, Texas Local Government Code, the Corporation is organized for the purpose of aiding, assisting, and acting on behalf of the City in the exercise of its powers to accomplish any governmental purpose of the City and in the promotion of the common good and general welfare of the City, including, without limitation, assistance in implementing the project plans for tax increment reinvestment zones created pursuant to Chapter 311, Texas Tax Code and located in the Central City, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, economic development and public facility development in the Central City.

The Corporation shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of the State of Texas to non-profit corporations incorporated under the Act including, without limitation, the powers granted under the Texas

Non-Profit Corporation Act, Article 1396-1.01 et seq., Vernon's Texas Civil Statutes.

The Corporation shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Corporation to perform the purposes for which it is created, including the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created.

Pursuant to Section 431.108(a) of the Act, the Corporation is a governmental unit within the meaning of Subdivision (2), Section 101.001, Texas Civil Practice and Remedies Code. Pursuant to Section 431.108(b) of the Act, the operations of the Corporation are governmental, and not proprietary, functions for all purposes, including, without limitation, applicability of the Texas Tort Claims Act, Section 101.001 et seq., Texas Civil Practice and Remedies Code. The Corporation shall have the power to acquire land in accordance with the Act as amended from time to time.

ARTICLE V

The Corporation shall have no members and shall have no stock.

ARTICLE VI

All powers of the Corporation shall be vested in a board of directors (the "Board") consisting of nine (9) persons who shall be appointed by the City Council of the City (each a "Director"). Board members may be members of the City Council of the City. The initial Directors are identified in Article IX below and shall serve for the term expiring on the date set forth therein. Subsequent Directors shall be appointed by the City Council of the City. Each subsequent Director shall serve for a term of two (2) years or until his or her successor is appointed by the City Council of the City, unless such Director has been appointed to fill an unexpired term, in which case the term of such Director shall expire on the expiration date of the term of the Director who he or she was appointed to replace. Any Director may be removed from office at any time, with or without cause, by the City Council of the City.

All other matters pertaining to the internal affairs of the Corporation shall be governed by the Bylaws of the Corporation, so long as such Bylaws are not inconsistent with these Articles of Incorporation or the laws of the State of Texas.

ARTICLE VII

The street address of the initial registered office of the Corporation is 1000 Throckmorton, Fort Worth, Texas 76102, which is within the city limits of the City, and the name of its initial registered agent at such address is Dale Fisseler.

ARTICLE VIII

The names and street addresses of the incorporators, each of whom resides within the City, are:

NAME	ADDRESS
Don Scott	1606 Mistletoe Blvd. Fort Worth, Texas 76104
Dale Fisseler	1000 Throckmorton Fort Worth, Texas 76102
Tom Higgins	1000 Throckmorton Fort Worth, Texas 76102

ARTICLE IX

The names and street addresses of the initial Directors, each of whom resides within the City, are:

NAME	ADDRESS
Mike Moncrief	1000 Throckmorton Fort Worth, Texas 76102
Jim Lane	1000 Throckmorton Fort Worth, Texas 76102
Chuck Silcox	1000 Throckmorton Fort Worth, Texas 76102
Becky Haskin	1000 Throckmorton Fort Worth, Texas 76102
Donavan Wheatfall	1000 Throckmorton Fort Worth, Texas 76102
Clyde Picht	1000 Throckmorton Fort Worth, Texas 76102

John Stevenson

1000 Throckmorton
Fort Worth, Texas 76102

Ralph McCloud

1000 Throckmorton
Fort Worth, Texas 76102

Wendy Davis

1000 Throckmorton
Fort Worth, Texas 76102

Unless earlier removed or replaced by the City Council, the initial Directors shall serve a term that expires April 30, 2007, and shall hold office for the term for which the initial Director was appointed and until the director's successor is elected or appointed and has qualified.

ARTICLE X

A resolution approving the form of these Articles of Incorporation has been adopted by the City Council of the City on May 3, 2005.

ARTICLE XI

No Director shall be liable to the Corporation for monetary damages for an act or omission in the Director's capacity as a Director, except for liability (i) for any breach of the Director's duty of loyalty to the Corporation, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for any transaction from which the Director received an improper benefit, whether the benefit resulted from an act taken within the scope of the Director's office, or (iv) for acts or omissions for which the liability of a Director is expressly provided by statute. Any repeal or amendment of this Article XI by the Board shall be prospective only, and shall not adversely affect any limitation on the personal liability of a Director existing at the time of such repeal or amendment. In addition to the circumstances in which a Director is not personally liable as set forth in the preceding sentences, a Director shall not be liable to the fullest extent permitted by any amendment to the laws of the State of Texas hereafter enacted that further limits the liability of a Director.

ARTICLE XII

In accordance with the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), and regardless of any other provisions of these Articles of Incorporation or the laws of the State of Texas, the Corporation: (a) shall not permit any part of the net earnings of the Corporation to inure to the benefit of any private individual (except that reasonable compensation may be paid for personal services rendered to or for the Corporation in effecting one or more of its purposes); (b) shall not direct any of its activities to

attempting to influence legislation by propaganda or otherwise; (c) shall not participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office; and (d) shall not attempt to influence the outcome of any election for public office or to carry on, directly or indirectly, any voter registration drives. Any income earned by the Corporation after payment of reasonable expenses, debt and such reserves as may be necessary as set forth in the authorizing documents related to the issuance of debt by the Corporation shall accrue to the City.

The City shall, at all times, have an unrestricted right to receive any income earned by the Corporation, exclusive of amounts needed to cover reasonable expenditures and reasonable reserves for future activities. Any income of the Corporation received by the City shall be deposited into such account or fund as determined by the City Council of the City. No part of the Corporation's income shall insure to the benefit or any private interests.

If the Board determines by resolution that the purposes for which the Corporation was formed have been substantially met and all bonds issued by and all obligations incurred by the Corporation have been fully paid or provision made for such payment, the Board shall execute a certificate of dissolution which states those facts and declares the Corporation dissolved in accordance with the requirements of Section 394.026, Local Government Code, or with applicable law then in existence. In the event of dissolution or liquidation of the Corporation, all assets will be turned over to the City for deposit into such account or fund as the City Council shall direct.

ARTICLE XIII

If the Corporation is a private foundation within the meaning of Section 509(a) of the Internal Revenue Code, the Corporation (a) shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code; (b) shall not engage in any act of self-dealing as defined in Section 4941 (d) of the Internal Revenue Code; (c) shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code; (d) shall not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code; and (e) shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code.

ARTICLE XIV

The City Council of the City may at any time consider and approve an ordinance directing the Board to proceed with the dissolution of the Corporation, at which time the Board shall proceed with the dissolution of the Corporation in accordance with applicable state law. The failure of the Board to proceed with the dissolution of the Corporation in accordance with this Section shall be deemed a cause for the removal from office of any or all of the Directors as permitted by Article VI of these Articles of Incorporation.

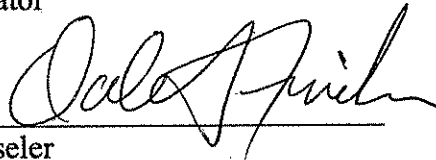
ARTICLE XV

These Articles may not be changed or amended unless approved by the City Council of the City.


IN WITNESS WHEREOF, we have hereunto set our hands as of this 3d of May, 2005.



Don Scott
Incorporator



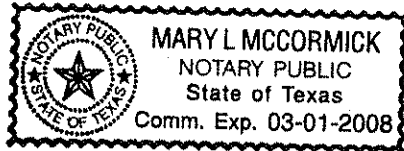
Dale Fisseler
Incorporator



Tom Higgins
Incorporator

Before me, on this day personally appeared **Don Scott**, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 2 day of May, 2005.



Mary L McCormick
Notary Public

Before me, on this day personally appeared **Dale Fisseler**, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

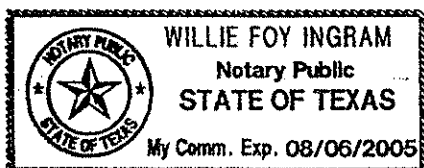
Given under my hand and seal of office this 11 day of May, 2005.



Tracey M McVay
Notary Public

Before me, on this day personally appeared **Tom Higgins**, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 11 day of May, 2005.



Willie Foy Ingram
Notary Public

EXHIBIT "B"

BYLAWS

OF

CENTRAL CITY LOCAL GOVERNMENT CORPORATION

ARTICLE I

PURPOSES

As authorized by Subchapter D, Chapter 431 of the Texas Transportation Code (the "Act") and Chapter 394 of the Texas Local Government Code (the "Local Government Code"), Central City Local Government Corporation (the "Corporation") is organized for the purpose of aiding, assisting, and acting on behalf of the City of Fort Worth, Texas (the "City") in the exercise of its powers to accomplish any governmental purpose of the City and in the promotion of the common good and general welfare of the City, including, without limitation, the development of the geographic area of the City included or to be included in Tax Increment Reinvestment Zone Number Four, City of Fort Worth, Texas (the "Zone") and neighboring areas, as more particularly described in an ordinance adopted by the City Council of the City, and as the boundaries of the Zone may be amended from time to time, as well as assisting the City and the board of directors of the Zone with respect to their respective duties and responsibilities under Chapter 311, Texas Tax Code, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, economic development and public facility development in the Zone.

The Corporation shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of the State of Texas to non-profit corporations incorporated under the Act including, without limitation, the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq., Vernon's Texas Civil Statutes.

The Corporation shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Corporation to perform the purposes for which it is created, including the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created.

Pursuant to Section 431.108(a) of the Act, the Corporation is a governmental unit within the meaning of Subdivision (2), Section 101.001, Texas Civil Practice and Remedies Code. Pursuant to Section 431.108(b) of the Act, the operations of the Corporation are governmental, and not proprietary, functions for all purposes, including, without limitation, applicability of the Texas Tort Claims Act, Section 101.001 et seq., Texas Civil Practice and Remedies Code. The Corporation shall have the power to acquire land in accordance with the Act as amended from

time to time.

ARTICLE II

BOARD OF DIRECTORS

Section 1. *Appointment, Powers, Number, and Term of Office.* All powers of the Corporation shall be vested in the Board of Directors (the "Board"). The Board shall initially consist of nine (9) persons who shall be appointed by the City Council of the City (each a "Director"), as evidenced by the approval of the Articles of Incorporation by the City Council. Each initial Director shall serve for the term expiring on the date set forth in the Articles of Incorporation. Subsequent Directors shall be appointed by the City Council of the City. Each subsequent Director shall serve for a term of two (2) years in accordance with and as provided by the Articles of Incorporation. Each Director shall serve until a successor is appointed. Each Director, including the initial directors, shall be eligible for reappointment. Any Director may be removed from office at any time, with or without cause, by the City Council of the City.

Section 2. *Meetings of Directors.* The Directors may hold their meetings and may have an office and keep the books of the Corporation at the City Hall, or such other place or places within the City as the Board may from time to time determine; provided, however, in the absence of any such determination, the City Hall shall be the registered office of the Corporation in the State of Texas.

The Board shall meet in accordance with and file notice of each meeting of the Board for the same length of time and in the same manner and location as is required of the City under Chapter 551 of the Texas Government Code (the "Open Meetings Act").

The Corporation, the Board, and any committee of the Board exercising the powers of the Board are subject to Chapter 552 of the Texas Government Code (the "Open Records Act").

Section 3. *Meetings.* The Board shall hold an annual meeting at a time and at a location in the City designated by the Board for the purposes of electing officers and transacting any other business related to the Corporation. In addition, the Board may conduct additional meetings at times and locations in the City designated by the Board for the purpose of transacting business related to the Corporation. Notice of the annual meeting and any additional meetings shall be given to each Director in person, by telephone, by electronic transmission (e.g. facsimile transmission or electronic mail) or mail via the United States Postal Service at least seventy-two (72) hours prior to the meeting and shall be posted in accordance with the Open Meetings Act.

Section 4. *Quorum.* A simple majority of the Directors shall constitute a quorum of the Board for the consideration of matters pertaining to the Corporation. If at any meeting of the Board there is less than a quorum present, a majority of those present may adjourn the meeting from time to time. The act of a majority of the Directors present and voting at a meeting at which a quorum is in attendance shall constitute the act of the Board, unless the act of a greater

number is required by law, by the Articles of Incorporation, or by these Bylaws.

A Director who is present at a meeting of the Board at which any corporate action is taken shall be presumed to have assented to such action, unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file a written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of the action.

Section 5. *Conduct of Business.* At the meetings of the Board, matters pertaining to the purposes of the Corporation shall be considered in such order as from time to time the Board may determine.

At all meetings of the Board, the President shall preside, and in the absence of the President, the Vice President shall preside. In the absence of the President and the Vice President, an acting presiding officer shall be chosen by the Board from among the Directors present.

The Secretary of the Corporation shall act as secretary of all meetings of the Board, but in the absence of the Secretary, the presiding officer may appoint any person to act as secretary of the meeting. Minutes of each meeting shall be prepared and kept on file by the Secretary or any other person designated by the Secretary for that purpose.

Section 6. *Executive Committee, Other Committees.* The Board may, by resolution passed by a majority of the Directors, designate three (3) or more Directors to constitute an executive committee or other type of committee. To the extent provided in the authorizing resolution, a committee shall have and may exercise all of the authority of the Board in the management of the Corporation, except where action of the Board is specified by statute. A committee shall act in the manner provided in the authorizing resolution. Each committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the office of the Corporation, and shall report the same to the Board from time to time. Committees authorized to exercise the powers of the Board shall give notice of any meeting in the manner required for a meeting of the Board.

Section 7. *Compensation of Directors.* Directors shall not receive any salary or compensation for their services as Directors.

Section 8. *Director's Reliance on Consultant Information.* A Director shall not be liable if while acting in good faith and with ordinary care, the Director relies on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person, that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation;

(b) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence; or

(c) a committee of the Board of which the Director is not a member.

ARTICLE III

OFFICERS

Section 1. *Titles and Term of Office.* The officers of the Corporation shall be the President, the Vice President, a Secretary, a Treasurer, and such other officers as the City Council may from time to time elect or appoint. One person may hold more than one office, except that one person shall not concurrently hold the offices of President and Secretary. The term of office for each officer shall be one (1) year with the term of office expiring on February 28 of each year. Officers may be re-elected.

Section 2. *Powers and Duties of the President.* The President shall be a member of the Board and shall preside at all meetings of the Board. The President shall be the principal executive officer of the Corporation and shall be in general charge of the properties and affairs of the Corporation. In furtherance of the purposes of the Corporation and subject to the limitations contained in the Articles of Incorporation, the President or any Vice President may sign and execute all bonds, notes, deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the Corporation. The President shall have such other duties as are assigned by the Board. The President may call meetings of the Board.

Section 3. *Powers and Duties of the Vice President.* The Vice President shall be a member of the Board. The Vice President shall perform the duties and exercise the powers of the President upon the President's death, absence, disability, or resignation, or upon the President's inability to perform the duties of his or her office. Any action taken by the Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken. A Vice President shall have such other powers and duties as may be assigned to him or her by the Board or the President.

Section 4. *Treasurer.* The Treasurer shall have custody of all the funds and securities of the Corporation which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Corporation, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner prescribed by the Board; he or she may sign all receipts and vouchers for payments made to the Corporation, either alone or jointly with such other officer as is designated by the Board; whenever required by the Board, he or she shall render a statement of his or her cash account; he or she shall enter or cause to be entered regularly in the books of the Corporation to be kept by him or her for that purpose full and accurate accounts of all moneys received and paid out on account of the Corporation; he or she shall perform all acts incident to the position of Treasurer subject to the control of the Board; and he or she shall, if required by

the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require. The Treasurer need not be a member of the Board and may be an employee of the City.

Section 5. *Secretary.* The Secretary shall keep or cause to be kept the minutes of all meetings of the Board in books provided for that purpose; he or she shall attend to the giving and serving of all notices; in furtherance of the purposes of the Corporation and subject to the limitations contained in the Articles of Incorporation, he or she may sign with the President in the name of the Corporation and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation; he or she shall have charge of the Corporation's books, records, documents and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director upon application at the office of the Corporation during business hours; and, he or she shall in general perform all duties incident to the office of Secretary subject to the control of the Board. The Secretary need not be a member of the Board and may be an employee of the City.

Section 6. *Compensation of Officers.* Officers shall not receive any salary or compensation for their services as officers.

Section 7. *Officer's Reliance on Consultant Information.* In the discharge of a duty imposed or power conferred on an officer of the Corporation, the officer may in good faith and with ordinary care rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person, that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation, including members of the Board; or
- (b) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

Section 8. *Hearing Officer.* The Director of Finance of the City or the designee thereof shall serve as "hearing officer" of the Corporation for the purpose of conducting any public hearing required under the Internal Revenue Code of 1986 as a condition precedent to the issuance of tax-exempt bonds by the Corporation.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 1. *Fiscal Year.* The fiscal year of the Corporation shall be the same as the City, or such other consecutive twelve-month period determined by the Corporation and approved by the

City.

Section 2. *Seal.* The seal of the Corporation shall be such as from time to time may be approved by the Board.

Section 3. *Notice and Waiver of Notice.* Subject to the Open Meetings Act, whenever any notice whatever is required to be given under the provisions of these Bylaws, such notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his or her post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. A waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 4. *Resignations.* Any Director or officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5. *Gender.* References herein to the masculine gender shall also refer to the feminine in all appropriate cases, and vice versa.

Section 6. *Appropriations and Grants.* The Corporation shall have the power to request and accept any appropriation, grant, contribution, donation, or other form of aid from the federal government, the State of Texas, any political subdivision or municipality in the State of Texas, or from any other source.

ARTICLE V

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. *Right to Indemnification.* Subject to the limitations and conditions as provided in this Article V and the Articles of Incorporation, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a Director or officer of the Corporation or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Corporation to the fullest extent permitted by the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment

permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with such Proceeding, and indemnification under this Article V shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. The rights granted pursuant to this Article V shall be deemed contract rights, and no amendment, modification or repeal of this Article V shall have the effect of limiting or denying any such rights with respect to action taken or Proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article V could involve indemnification for negligence or under theories of strict liability.

Section 2. *Advance Payment.* The right to indemnification conferred in this Article V shall include the right to be paid in advance or reimbursed by the Corporation the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 1 who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the Proceeding and without any determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a Proceeding, shall be made only upon delivery to the Corporation of a written affirmation by such Director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article V and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article V or otherwise.

Section 3. *Indemnification of Employees and Agents.* The Corporation, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Corporation to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article V; and the Corporation may indemnify and advance expenses to persons who are not or were not Directors, officers, employees or agents of the Corporation but who are or were serving at the request of the Corporation as a Director, officer, partner, venture proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a person to the same extent that it may indemnify and advance expenses to Directors under this Article V.

Section 4. *Appearance as a Witness.* Notwithstanding any other provision of this Article V, the Corporation may pay or reimburse expenses incurred by a Director or officer in connection with his or her appearance as a witness or other participation in a Proceeding involving the Corporation or its business at a time when he or she is not a named defendant or respondent in the proceeding.

Section 5. *Non-exclusivity of Rights.* The right to indemnification and the

advancement and payment of expenses conferred in this Article V shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to Section 3 of this Article V may have or hereafter acquire under any law (common or statutory), provision of the Articles of Incorporation of the Corporation or these Bylaws, agreement, vote of disinterested Directors or otherwise.

Section 6. *Insurance.* The Corporation may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article V.

Section 7. *Notification.* Any indemnification of or advance of expenses to a Director or officer in accordance with this Article V shall be reported in writing to the members of the Board with or before the notice of the next regular meeting of the Board and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

Section 8. *Savings Clause.* If this Article V or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each Director, officer or any other person indemnified pursuant to this Article V as to costs, charges and expenses (including attorneys' fees), judgments, fines and in amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the full extent permitted by any applicable portion of this Article V that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VI

CODE OF ETHICS

Section 1. *Policy and Purposes.*

(a) It is the policy of the Corporation that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices; that the public interest always be considered in conducting the Corporation's business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Corporation; and that the Board establish policies to control and manage the affairs of the Corporation fairly, impartially, and without discrimination.

(b) This Code of Ethics has been adopted as part of the Corporation's Bylaws for the

following purposes: (a) to encourage high ethical standards in official conduct by Directors and officers; and (b) to establish guidelines for such ethical standards of conduct.

Section 2. *Conflicts of Interest.*

(a) Except as provided in subsection (c), a Director or officer is prohibited from participating in a vote, decision, or award of a contract involving a business entity or real property in which the Director or the officer has a substantial interest, if it is foreseeable that the business entity or real property will be economically benefitted by the action. A person has a substantial interest in a business (i) if his or her ownership interest is ten percent or more of the voting stock or shares of the business entity or ownership of \$15,000 or more of the fair market value of the business entity, or (ii) if the business entity provides more than ten percent of the person's gross income. A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more. An interest of a person related in the second degree by affinity (marriage relationship) or the third degree by consanguinity (blood relationship) to a Director or officer is considered a substantial interest.

(b) If a Director or a person related to a Director in the first or second degree by affinity or the first, second, or third degree by consanguinity has a substantial interest in a business entity or real property that would be pecuniarily affected by any official action taken by the Board, such Director, before a vote or decision on the matter, shall file an affidavit stating the nature and extent of the interest. The affidavit shall be filed with the Secretary of the Board.

(c) A Director who has a substantial interest in a business entity that will receive a pecuniary benefit from an action of the Board may vote on that action if a majority of the Board has a similar interest in the same action or if all other similar business entities in the City will receive a similar pecuniary benefit.

Section 3. *Acceptance of Gifts.* No Director or officer shall accept any benefit as consideration for any decision, opinion, recommendation, vote or other exercise of discretion in carrying out official acts for the Corporation. No Director or officer shall solicit, accept, or agree to accept any benefit from a person known to be interested in or likely to become interested in any contract, purchase, payment, claim or transaction involving the exercise of the Director's or officer's discretion. As used here, a benefit does not include:

(a) a fee prescribed by law to be received by a Director or officer or any other benefit to which the Director or officer is lawfully entitled or for which he or she gives legitimate consideration in a capacity other than as a Director or officer,

(b) a gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the Director or officer;

(c) an honorarium in consideration for legitimate services rendered above and beyond official duties and responsibilities if:

- (1) not more than one honorarium is received from the same person in a calendar year;
- (2) not more than one honorarium is received for the same service; and
- (3) the value of the honorarium does not exceed \$250 exclusive of reimbursement for travel, food, and lodging expenses incurred by the Director or officer in performance of the services;
- (d) a benefit consisting of food, lodging, transportation, or entertainment accepted as a guest if reported as may be required by law.

Section 4. *Bribery.* A Director or officer shall not intentionally or knowingly offer, confer or agree to confer on another, or solicit, accept, or agree to accept from another:

- (a) any benefit as consideration for the Director's or officer's decision, opinion, recommendation, vote, or other exercise of discretion as a Director or officer;
- (b) any benefit as consideration for the Director or officer's decision, vote, recommendation, or other exercise of official discretion in a judicial or administrative proceeding; or
- (c) any benefit as consideration for a violation of duty imposed by law on the Director or officer.

Section 5. *Nepotism.* No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, of any person related within the second degree by affinity or within the third degree of consanguinity to the Director or officer so appointing, voting or confirming, or to any other Director or officer. This provision shall not prevent the appointment, voting for, or confirmation of any person who shall have been continuously employed in any such office, position, clerkship, employment or duty at least thirty (30) days prior to the appointment of the Director or officer so appointing or voting.

ARTICLE VII

AMENDMENTS

A proposal to alter, amend, or repeal these Bylaws shall be made by the affirmative vote of a majority of the full Board at any annual or regular meeting, or at any special meeting if notice of the proposed amendment be contained in the notice of said special meeting. Any proposed change or amendment to the Bylaws, however, must be approved by the City Council of the City to be effective.